

SAGE TRUST COMPANY, LTA

12800 Northwest Freeway
Houston, Texas 77040
(713) 460-2000

November 30, 2020

November 30, 2020

The Honorable Jeff Leach
Chairman, Texas House of Representatives Committee on Judiciary & Civil Jurisprudence
P.O. Box 2910
Austin, Tx 78768-2910
Submitted via email: cassidy.zgabay_hc@house.texas.gov

RE: Comments on Interim Charge 3: Study on the Rule Against Perpetuities

Dear Chairman Leach:

Sage Trust Company LTA ("Sage Trust") was created in Texas in 2017 to protect and grow the assets of a certain Texas family under the applicable federal and state laws. Until relatively recently, laws created hundreds of years ago in England remained in effect throughout the United States and limited how long a trust could exist to protect assets. This convoluted concept, known as the "Rule Against Perpetuities", has since been modified or eliminated by a majority of states in this nation, thereby creating a more stable, predictable body of law that people may rely on when establishing trusts to protect wealth for future generations. Texas, however, has retained the historical Rule Against Perpetuities.

In order to take advantage of the more beneficial laws found in other states, the family that founded Sage Trust established new trusts to be administered outside of Texas. If not for the current state of Texas law, the family would have kept the business in Texas.

Sage Trust was created by Texans for Texans and would like opportunity to pay Texans to manage its assets. Instead, because of a legal theory – the origins of which can be traced before the existence of not only Texas but the United States – this business has been taken to another state.

A majority of other states have chosen an economic development tool that Texas does not yet subscribe to. According to the American College of Trust and Estate Counsel ("ACTEC"), the common law Rule Against Perpetuities remains intact in only three states: Alabama, New York, and Texas, which has codified the concept in Section 112.036, Texas Property Code.

At least eight states have repealed the Rule Against Perpetuities. At least nine states have adopted longer fixed periods for the rule against perpetuities, sometimes only for certain types of property. Seventeen states have retained the rule against perpetuities but allowed certain trusts to

November 30, 2020

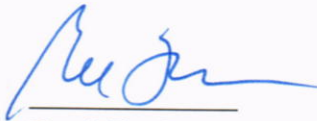
Page 2

continue without application of the rule. ACTEC provides a list of these states we can send to you upon your request.

Sage Trust believes that the Texas Legislature in 2021 should amend its laws to move out of the 17th Century and join the majority of states whose laws allow for trusts to exist for a more defined, longer period set of time. With or without a law change, Texans who wish to set up trusts will be able to avoid the unpredictable limits established by Texas' Rule Against Perpetuities. However, if the Texas Legislature changes this law, Texas' economy – and not that of other states – will see the economic benefits of establishing such trusts in Texas.

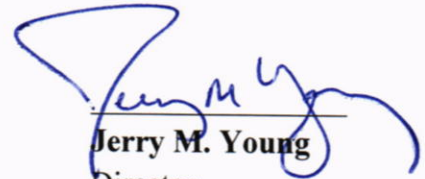
Please let us know if you have any questions or would like to discuss the contents of this letter in more detail. We appreciate your service to the State of Texas.

Sincerely,



Brad Tucker
Director

Ron Nixon
Director



Jerry M. Young
Director